



# *The Department of the Treasury* PERFORMANCE & ACCOUNTABILITY REPORT



*fiscal year* 2008



# THE UNITED STATES DEPARTMENT OF THE TREASURY

## OUR VISION

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*Set the global standard in financial and economic leadership*

## OUR MISSION

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*Serve the American people and strengthen national security by managing the U.S. Government's finances effectively, promoting economic growth and stability, and ensuring the safety, soundness, and security of the U.S. and international financial systems*

## OUR VALUES

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*SERVICE – Work for the benefit of the American people*

*INTEGRITY – Aspire to the highest levels ethical standards of honesty, trustworthiness, and dependability*

*EXCELLENCE – Strive to be the best, continuously improve, innovate, and adapt*

*OBJECTIVITY – Encourage independent views*

*ACCOUNTABILITY – Responsible for our conduct and work*

*COMMUNITY – Dedicated to excellent customer service, collaboration, and teamwork while promoting diversity*



# *The Department of the Treasury*

FISCAL YEAR 2008

PERFORMANCE &  
ACCOUNTABILITY REPORT



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# MESSAGE FROM THE SECRETARY

November 17, 2008

On behalf of the Department of the Treasury, I am pleased to submit the Fiscal Year 2008 Performance and Accountability Report. This annual report provides insight into the Department's broad leadership role for the economic and financial activities of the U.S. Government. The current economic turmoil calls for extraordinary measures, and the Treasury Department has actively pursued initiatives aimed at stabilizing the financial system and strengthening financial institutions that play a vital role in supporting U.S. economic activity.



Maintaining and improving the performance of the Department is crucial. In fiscal year 2008, the Department of the Treasury met or exceeded 70 percent of its performance targets, slightly lower than fiscal year 2007. Though the result is lower than the prior year, Treasury improved the quality of its measures through innovative approaches to measure difficult areas, such as Terrorism and Financial Intelligence, and economic and financial technical assistance provided to other countries.

This year brought two additional management challenges for the Department: *Management of Treasury's New Authorities Related to Distressed Financial Markets* and *Regulation of National Banks and Thrifts*. Treasury recognizes the importance of sound stewardship in managing the authorities related to distressed financial markets. We are executing the authorities we have been granted with one primary goal – to restore liquidity and stability to the financial system of the United States. More broadly, we are reviewing the regulation of national banks and thrifts to identify gaps in regulatory authority and the regulatory framework that contributed to the current financial turmoil, and putting forward policies to modernize our financial regulatory architecture to match the evolution of the financial marketplace.

The Department of the Treasury has again received an unqualified opinion on its financial statements. The Department has validated the accuracy, completeness, and reliability of the financial data in this report. Performance data has been validated, and is likewise complete and reliable. The Department has continued to make progress in reducing management control weaknesses and in efforts to satisfy federal financial systems and control objectives.

Sincerely,

A handwritten signature in black ink, appearing to read "Henry M. Paulson, Jr.", written in a cursive style.

Henry M. Paulson, Jr.  
Secretary of the Treasury

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# ABOUT THIS REPORT

The fiscal year 2008 *Treasury Performance and Accountability Report* provides information that enables Congress, the President, and the public to assess the Department's performance relative to its mission and stewardship of the resources entrusted to it.

The magnitude of the economic and financial challenges this year prompted changes in this report. Management's Discussion and Analysis (MD&A) is focused on the contributions Treasury has made on behalf of the American people to mitigate current or potential financial turmoil.

The MD&A also includes key accomplishments and challenges that are summarized by strategic goal, along with trends in performance, budget, and cost. The Performance Highlights page from the prior year has been renamed to *"How Well is Treasury Performing?"* It includes graphical results for Program Assessment Rating Tool (PART) ratings by both number of programs and by funding. Performance measures have two additional rating categories this fiscal year, "exceeded" and "improved." These results are indicated in two charts, one that incorporates baseline and discontinued measures, and one that does not. There is marked difference in viewing the performance results from these two perspectives.

Additionally, the Department has included three new charts. The first chart is a summary of actual performance trends for the last four years. Treasury examined each of its performance measures for favorable or unfavorable trends, and tabulated the results. The second new chart attempts to provide readers with an approximation of the cost of the Treasury Department for each citizen in the United States. Treasury performance cost was divided by an estimate of the U.S. population at the end of fiscal year 2008 to determine the result. The third and final chart plots Treasury performance and cost versus inflation from 2005-2008. This is a dual-axis chart that indicates the year-over-year change in Treasury performance cost and inflation, and the percentage of Treasury performance measures that were either met or exceeded.

The MD&A also includes a new summary of Treasury-wide and Internal Revenue Service specific challenges, and High Risk Area updates (as defined by the Government Accountability Office). Each management challenge is assessed for its progress and status, with hyperlinks to the appendix of the report that will provide additional detail. High Risk areas are summarized, including hyperlinks to the Office of Management and Budget's ExpectMore.gov page for performance information.

The Annual Performance Report includes new performance measure tables that add a percent of target achieved for each performance measure, as well as indicators for actual and target performance trends over the last four years. A new section entitled *"Analysis of Performance Results"* is included to provide a transparent explanation of performance results.

The Department has also included a *"Moving Forward"* section as it has done in previous years to describe what it will do to address any performance shortfalls and future plans.

Treasury believes this report embodies the integrity, objectivity, transparency, and spirit of continuous improvement that is resident at the agency, and clarifies the public benefits of our collective actions.

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